

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the  
Commission's Proposed Policies and Programs  
Governing Low-Income Assistance Programs

Rulemaking 01-08-027

**ASSIGNED COMMISSIONER'S RULING  
REGARDING THE ESTABLISHMENT OF THE LOW INCOME OVERSIGHT  
BOARD AND THE IMPLEMENTATION OF OTHER PROVISIONS OF  
SENATE BILL X1 2**

**Summary**

Senate Bill No. 2 from the Second Extraordinary Session (SBX2 2) amends Sections 382, 739.1 and 2790 of, and adds Sections 382.1 and 386 to, the Public Utilities Code. This ruling initiates actions to implement SBX2 2. Persons interested in serving on the Low Income Oversight Board are invited to submit letters of interest. Parties, including those parties in Rulemaking (R.) 98-09-005 – the Universal Lifeline Telephone Service (ULTS) proceeding – are asked to respond to specific questions raised in this ruling. Also, electric and natural gas utilities are required to submit their proposals on establishing penetration rates for the California Alternate Rates for Energy (CARE) program.

**Background**

**The Low Income Oversight Board**

By SBX2 2, the Legislature established a Low-Income Oversight Board (LIOB or Board) to advise the Commission on low-income electric and gas

customer issues and to serve as a liaison for the Commission to low-income ratepayers and representatives. The LIOB replaces the Commission's Low-Income Advisory Board.

As set forth in Public Utilities Code Section (§) 382.1, in order to advise the Commission, the LIOB is responsible for the following: <sup>1</sup>

1. Monitor and evaluate implementation of all programs provided to low-income electricity and natural gas customers.
2. Assist in the development and analysis of any assessments of low-income electricity and gas customer need.
3. Encourage collaboration between state and utility programs for low-income electricity and gas customers to maximize the leverage of state and federal energy efficiency funds to both lower the bills and increase the comfort of low-income customers.
4. Provide reports to the Legislature, as requested, summarizing the assessment of needs, audits, and analysis of program implementation.
5. Assist in streamlining the application and enrollment process of programs for low-income electricity and natural gas customers with general low-income programs, including, but not limited to, the ULTS program.
6. Encourage the usage of the network of community service providers in accordance with Section 381.5.

Also, Section 382 (e) requires that beginning in 2002, the Commission periodically will with the assistance of the LIOB assess the needs of low-income electricity and natural gas ratepayers. The assessment is to include an evaluation of "low-income program implementation and the effectiveness of weatherization services and energy efficiency measures in low-income households" and should

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<sup>1</sup> All statutory references are to the Public Utilities Code, unless otherwise noted.

consider whether “existing programs adequately address low-income electricity and natural gas customers’ energy expenditures, hardship, language needs and economic burdens.” The Legislation requires that the Commission use the needs assessment to maximize efficient delivery of its weatherization programs.

In Resolution E-3646 issued on March 16, 2000, the Commission recognized the importance of conducting a low-income energy program needs assessment and directed the Energy Division to initiate such a study. The Commission is currently in the data- gathering phase of its needs assessment. The contractor selected for the project has researched relevant studies and data sets, interviewed key players involved in low-income energy programs as well as low-income customers receiving the services, and conducted two workshops and focus groups with community based organizations and interested members of the public. This phase of the needs assessment is scheduled to be completed in February 2002. At that time, the second phase of the needs assessment may begin, which will be the phase in which primary research is conducted to fill in the information gaps identified in the first phase. As a result of the second phase, sufficient information should have been collected and analyzed so that policy recommendations may be made to the Commission. The LIOB will have an opportunity to review and comment on this needs assessment.

The Section 382.1 (b) requires that the Commission select or identify the nine members of the LIOB from the following groups:

Number of Representatives	Type or Category of Representation
4	Persons who <ul style="list-style-type: none"> <li>• have expertise in the low-income community</li> <li>• are not affiliated with any state or utility group</li> <li>• must be selected to ensure an equitable geographic distribution</li> </ul>
1	Representative of the Governor
1	CPUC Commissioner or Commissioner designee
1	Representative of the California Department of Community Services and Development
1	Representative of private weatherization contractors.
1	Representative of an electric or natural gas utility

The Board must alternate meeting locations between northern, central and southern California. The Board may establish a technical advisory committee comprised of low-income service providers, utility representatives, consumer organizations and Commission staff. The Board may request help from utility representatives and Commission staff to assist the technical advisory committee.

Section 382.1(e) requires that the Commission:

1. Work with the Board, interested parties and community-based organizations to increase participation in low-income programs.
2. Provide technical support to the Board.

3. Work with the Board to ensure that the energy burden of low-income electricity and natural gas customers is reduced.
4. Provide formal notice of Board meetings on the Commission's daily calendar.

Members of the Board and the technical advisory committee are eligible for compensation in accordance with state travel guidelines. Board and technical advisory committee members who are not salaried state service employees will be eligible for reasonable compensation for attending Board meetings.

### **CARE Penetration Rates, Outreach and Enrollment**

SBX2 2 also modified §739.1 to require that the Commission take certain steps to improve the CARE program with respect to program benefits, customer participation, and outreach to low-income communities. Specifically, the Legislature requires that the Commission:

1. Work with the utilities to establish penetration goals.
2. Authorize recovery of all reasonable administrative costs associated with the implementation of the CARE program, through a balancing account mechanism.
3. Examine ways to improve CARE enrollment and participation, including comparing information from CARE and the Universal Lifeline Telephone Service (ULTS) program to determine the most effective means of using that information to increase CARE enrollment through automatic enrollment of ULTS customers who are eligible for the CARE program, and identify customer privacy issues and alternative mechanisms for outreach to potential enrollees.
4. Consult with interested parties, including ULTS providers, to develop the best methods of informing ULTS customers about other available low-income programs.
5. Consult with interested parties, including ULTS providers, to develop the best mechanism for telephone providers to recover reasonable costs resulting from the effort to improve enrollment and participation in low-income assistance programs.

6. Improve the CARE application process, and to the extent possible, develop a CARE application process using the existing ULTS application process as a model.
7. The Commission should work with the electric and natural gas utilities and the LIOB to meet the objectives described in Section 739.1.
8. Ensure CARE program participants are afforded the lowest possible electric and natural gas rates and, to the extent possible, are exempt from additional surcharges attributable to the current energy crisis.

## **Discussion**

### **Establishment of the LIOB**

SBX2 2 requires important enhancements to the Commission's low-income assistance programs for electricity and natural gas. In establishing the Low Income Oversight Board, the Commission will have access to valuable input from community, government and energy industry leaders who have unique expertise in low-income issues.

As the assigned commissioner on this low-income rulemaking proceeding, I take the following initial steps in establishing the LIOB by requesting that those individuals interested in filling one of the four public members' appointments submit a letter of interest and a resumé, including references. Those representatives of private weatherization contractors and electric and/or gas utilities interested in having a representative appointed to the respective Board positions also should submit letters of interest and a resumé of the candidate, including references. Upon receipt of this information, I will confer with the President of the Commission to select and propose to the Commission the members of the Board for a limited term period to be clarified later.

### **Establish Penetration Goals**

All electric and natural gas utilities should submit proposals to establish a CARE penetration goal.<sup>2</sup> The proposals should include specific actions necessary to achieving the proposed penetration goal and identify possible barriers to achieving the goal. In addition, the proposals should include but need not be limited to the following information:

1. Total number of customers eligible for CARE on an annual basis for the last 4 years. Include methodology used to develop the estimated eligible population.
2. Total number of CARE participants on an annual basis for the last 4 years – expressed in numbers and expressed as a percentage of total numbers of customers eligible for CARE.
3. Projected number of customers eligible for CARE by year for the next 4 years – expressed in numbers and as a percentage-change from year-to-year. Include methodology used to develop the projection.
4. Projected number of CARE participants by year for the next 4 years – expressed in numbers, as a percentage of projected numbers of eligible customers and as a percentage-change from year-to-year. Rationale should be provided as to why 100% of eligible customers are not participating in the CARE program. Include methodology used to develop the projection.
5. Proposed methods to meet the projected CARE penetration goal.
6. Proposals to review and adjust the penetration goals.

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<sup>2</sup> Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, Alpine Natural Gas Company, Avista Utilities, Bear Valley Electric Company (operated by Southern California Water Company), Mountain Utilities, Sierra Pacific Power Company, PacifiCorp, Southwest Gas Company, and West Coast Gas Company are respondents in this proceeding.

Parties and the Board will have an opportunity to comment on these proposals.

### **Improve CARE Enrollment and Participation**

As discussed in the Joint Assigned Commissioners' Ruling issued on June 14, 2001, Commissioner Lynch and I are persuaded that the Commission should proceed to consider expeditiously whether automatic enrollment of customers into the CARE and LIEE programs is feasible. Automatic enrollment will likely lead to significant increases in penetration levels and help to reduce administrative costs. Parties filed comments addressing questions raised by that ruling and Commission staff and I are examining the various issues raised in the comments, as well as implementation issues. This effort is consistent with SBX2 2 provisions regarding CARE and LIEE enrollment and participation.

In order to ensure that specific provisions of SBX2 2 related to increasing participation in low-income assistance programs and streamlining the enrollment process are considered, this ruling and the attached copy of SB2X 2 will be served on all parties in the Commission's ULTS proceeding. I ask that parties in this rulemaking and in R.98-09-005 (ULTS proceeding) respond to the following questions:

1. What are the best methods to inform ULTS customers about other available low-income programs?
2. What is the best mechanism for telephone providers to recover reasonable costs incurred pursuant to § 739.1?
3. Using the ULTS application process as a model, in what ways should the Commission change the CARE application process?

### **Filing and Service Information**

All comments should be filed at the Commission's Docket Office and served electronically on all appearances and the state service list in this



proceeding. Service by U.S. mail is optional, except that one hard copy of comments shall be mailed to Administrative Law Judge Meg Gottstein at P.O. Box 210, Volcano, California, 95689. In addition, if there is no electronic mail address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means—such as overnight delivery—is mutually agreed upon.) Current service lists for this proceeding are available on the Commission's web page.

Therefore, **IT IS RULED** that:

1. Individuals interested in being appointed as a public member of the Low Income Oversight Board may submit a letter of interest and a resumé, including references, by no later than December 14, 2001 to:

Karen Miller  
CPUC Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102

2. Representatives of private weatherization contractors and electric and/or gas utilities interested in having a representative appointed to the respective Board positions may submit a letter of interest and a resumé, including references, by no later than December 14, 2001. Letters and other information should be sent to the address indicated in Paragraph 1 of this ruling.

3. All respondent electric and natural gas utilities' proposals to establish CARE penetration goals are due December 19, 2001. Parties' comments on these proposals are due January 3, 2002. Reply comments are due January 10, 2002.

4. Parties' comments on the ULTS and CARE applications and enrollment processes are due December 14, 2001. Reply comments are due December 28.

Dated November 20, 2001, at San Francisco, California.

/s/ CARL WOOD  
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Carl Wood  
Assigned Commissioner

## **ATTACHMENT**

### **New and Amended Public Utilities Code Sections Pursuant to Senate Bill No. 2 of the Second Extraordinary Session**

382. (a) Programs provided to low-income electricity customers, including, but not limited to, targeted energy-efficiency services and the California Alternate Rates for Energy program shall be funded at not less than 1996 authorized levels based on an assessment of customer need.

(b) In order to meet legitimate needs of electric and gas customers who are unable to pay their electric and gas bills and who satisfy eligibility criteria for assistance, recognizing that electricity is a basic necessity, and that all residents of the state should be able to afford essential electricity and gas supplies, the commission shall ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures. Energy expenditure may be reduced through the establishment of different rates for low-income ratepayers, different levels of rate assistance, and energy efficiency programs.

(c) Nothing in this section shall be construed to prohibit electric and gas providers from offering any special rate or program for low-income ratepayers that is not specifically required in this section.

(d) The commission shall allocate funds necessary to meet the low-income objectives in this section.

(e) Beginning in 2002, an assessment of the needs of low-income electricity and gas ratepayers shall be conducted periodically by the commission with the assistance of the Low-Income Oversight Board.

The assessment shall evaluate low-income program implementation and the effectiveness of weatherization services and energy efficiency measures in low-income households. The assessment shall consider whether existing programs adequately address low-income electricity and gas customers' energy expenditures, hardship, language needs, and economic burdens.

382.1. (a) There is hereby established a Low-Income Oversight Board that shall advise the commission on low-income electric and gas customer issues and shall serve as a liaison for the commission to low-income ratepayers and representatives. The Low-Income Oversight Board shall replace the Low-Income Advisory Board in existence on January 1, 2000. The Low-Income Oversight Board shall do all of the following to advise the commission regarding the commission's duties:

(1) Monitor and evaluate implementation of all programs provided to low-income electricity and gas customers.

(2) Assist in the development and analysis of any assessments of low-income electricity and gas customer need.

(3) Encourage collaboration between state and utility programs for low-income electricity and gas customers to maximize the leverage of state and federal energy efficiency funds to both lower the bills and increase the comfort of low-income customers.

(4) Provide reports to the Legislature, as requested, summarizing the assessment of need, audits, and analysis of program implementation.

(5) Assist in streamlining the application and enrollment process of programs for low-income electricity and gas customers with general low-income programs, including, but not limited to, the Universal Lifeline Telephone Service (ULTS) program.

(6) Encourage the usage of the network of community service providers in accordance with Section 381.5.

(b) The Low-Income Oversight Board shall be comprised of nine members to be selected as follows:

(1) Four members selected by the commission who have expertise in the low-income community and who are not affiliated with any state agency or utility group. These members shall be selected in a manner to ensure an equitable geographic distribution.

(2) One member selected by the Governor.

(3) One member selected by the commission who is a commissioner or commissioner designee.

(4) One member selected by the Department of Community Services and Development.

(5) One member selected by the commission who is a representative of private weatherization contractors.

(6) One member selected by the commission who is a representative of an electrical or gas corporation.

(c) The Low-Income Oversight Board shall alternate meeting locations between northern, central, and southern California.

(d) The Low-Income Oversight Board may establish a technical advisory committee consisting of low-income service providers, utility representatives, consumer organizations, and commission staff, to assist the board and may request utility representatives and commission staff to assist the technical advisory committee.

(e) The commission shall do all of the following in conjunction with the board:

(1) Work with the board, interested parties, and community-based organizations to increase participation in programs for low-income customers.

(2) Provide technical support to the board.

(3) Ensure that the energy burden of low-income electricity and gas customers is reduced.

(4) Provide formal notice of board meetings in the commissions' daily calendar.

(f) (1) Members of the board and members of the technical advisory committee shall be eligible for compensation in accordance with state guidelines for necessary travel.

(2) Members of the board and members of the technical advisory committee who are not salaried state service employees shall be eligible for reasonable compensation for attendance at board meetings.

(3) All reasonable costs incurred by the board, including, staffing, travel, and administrative costs, shall be reimbursed through the public utilities reimbursement account and shall be part of the budget of the commission and the commission shall consult with the board in the preparation of that portion of the commission's annual proposed budget.

386. (a) Each local publicly owned electric utility shall ensure the following:

(1) Low-income families within the utility's service territory have access to affordable electricity.

(2) The current level of assistance reflects the level of need.

(3) Low-income families are afforded no-cost and low-cost energy efficiency measures that reduce energy consumption.

(b) The local publicly owned electric utility shall consider increasing the level of the discount or raising the eligibility level for any existing rate assistance program to be reflective of customer need.

(c) A publicly owned electric utility shall streamline enrollment for low-income programs by collaborating with existing providers for the Low-Income Home Energy Assistance Program (LIHEAP) and other electric or gas providers within the same service territory.

(d) A local publicly owned electric utility shall establish participation goals for its rate assistance program participation.

739.1. (a) The commission shall establish a program of assistance to low-income electric and gas customers, the cost of which shall not be borne solely by any single class of customer. The program shall be referred to as the California Alternate Rates for Energy or CARE program. The commission shall ensure that the level of discount for low-income electric and gas customers correctly reflects the level of need.

(b) The commission shall work with the public utility electrical and gas corporations to establish penetration goals. The commission shall authorize recovery of all administrative costs associated with the implementation of the CARE program that the commission determines to be reasonable, through a balancing account mechanism. Administrative costs shall include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment.

(c) The commission shall examine methods to improve CARE enrollment and participation. This examination shall include, but need not be limited to, comparing information from CARE and the Universal Lifeline Telephone Service (ULTS) to determine the most effective means of utilizing that information to increase CARE enrollment, automatic enrollment of ULTS customers who are eligible for the CARE program, customer privacy issues, and alternative mechanisms for outreach to potential enrollees. The commission shall ensure that a customer consents prior to enrollment. The commission shall consult with interested parties, including ULTS providers, to develop the best methods of informing ULTS customers about other available low-income programs, as well as the best mechanism for telephone providers to recover reasonable costs incurred pursuant to this section.

(d) The commission shall improve the CARE application process. To the extent possible, the commission shall develop a CARE application process using the existing ULTS application process as a model. The commission shall work with public utility electrical and gas corporations and the Low-Income Oversight Board established in Section 382.1 to meet the low-income objectives in this section.

(e) The commission's program of assistance to low-income electric and gas customers shall, as soon as practicable, include nonprofit group living facilities specified by the commission, if the commission finds that the residents in these facilities substantially meet the commission's low-income eligibility requirements and there is a feasible process for certifying that the assistance shall be used for the direct benefit, such as improved quality of care or improved food service, of the low-income residents in the facilities.

The commission shall authorize utilities to offer discounts to eligible facilities licensed or permitted by appropriate state or local agencies, and to facilities, including women's shelters, hospices, and homeless shelters, that may not have a license or permit but provide other proof satisfactory to the utility that they are eligible to participate in the program.

(f) It is the intent of the Legislature that the commission ensure CARE program participants are afforded the lowest possible electric and gas rates and, to the extent possible, are exempt from additional surcharges attributable to the current energy crisis.

2790. (a) The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers, as determined by the commission under Section 739, if the commission determines that a significant need for those services exists in the corporation's service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.

(b) (1) For purposes of this section, "weatherization" may include, where feasible, any of the following measures for any dwelling unit:

(A) Attic insulation.

(B) Caulking.

(C) Weatherstripping.

(D) Low flow showerhead.

(E) Waterheater blanket.

(F) Door and building envelope repairs that reduce air infiltration.

(2) The commission shall direct any electrical or gas corporation to provide as many of these measures as are feasible for each eligible low-income dwelling unit.

(c) "Weatherization" may also include other building conservation measures, energy-efficient appliances, and energy education programs determined by the commission to be feasible, taking into

consideration for all measures both the cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households.

(d) Weatherization programs shall use the needs assessment pursuant to Section 382.1 to maximize efficiency of delivery.

**(END OF ATTACHMENT)**

## CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Assigned Commissioner's Ruling Regarding the Establishment of the Low Income Oversight Board and the Implementation of Other Provisions of Senate Bill X1 2 on all parties of record in this proceeding or their attorneys of record and on all parties of record and their attorneys in R.98-09-005 – the ULTS proceeding.

Dated November 20, 2001, at San Francisco, California.

/s/ TERESITA C. GALLARDO  
Teresita C. Gallardo

## N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at



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(415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.